

Chapter 9 – Housing

Pierre serves as a regional trade center for farming and ranching, however its largest industry is government, which is not prone to rapid growth or decline and results in fairly stable housing demand. The economy is fundamentally the largest driver in South Dakota's housing market (South Dakota Statewide Housing Development Authority 2003). The state government offices located in Pierre results in having both a stable economy as well as having higher paying jobs.

Housing Characteristics and Trends

As of 2000, Pierre had 5,979 housing units, an increase of nearly 600 units from 1990 (Table 9.1). The City's housing stock is largely single family detached homes (Figure 9.1). General housing characteristics are displayed in Table 9.2.

Table 9.1. Pierre area housing units (South Dakota Statewide Housing Development Authority 2003)

Total Units	1990	2000	change	% change
Pierre	5,390	5,979	589	10.90%
Hughes County	6,255	7,055	800	12.80%
Stanley County	1,056	1,277	221	20.90%
Sully County	811	844	33	4.10%

Figure 9.1. Percentage of Pierre's housing stock by housing type (US Census Bureau)

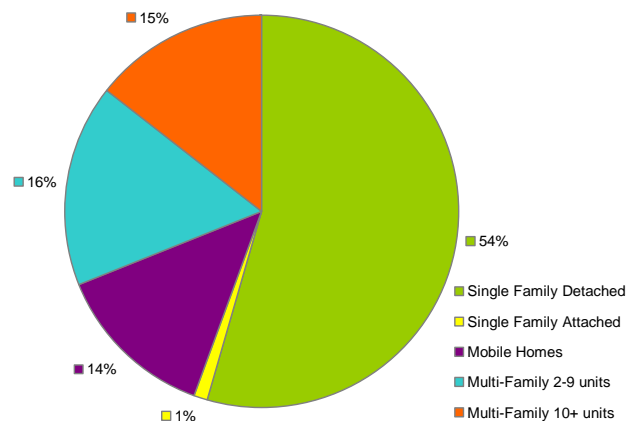


Table 9.2. Pierre area housing units (SD Statewide Housing Development Auth. 2003)

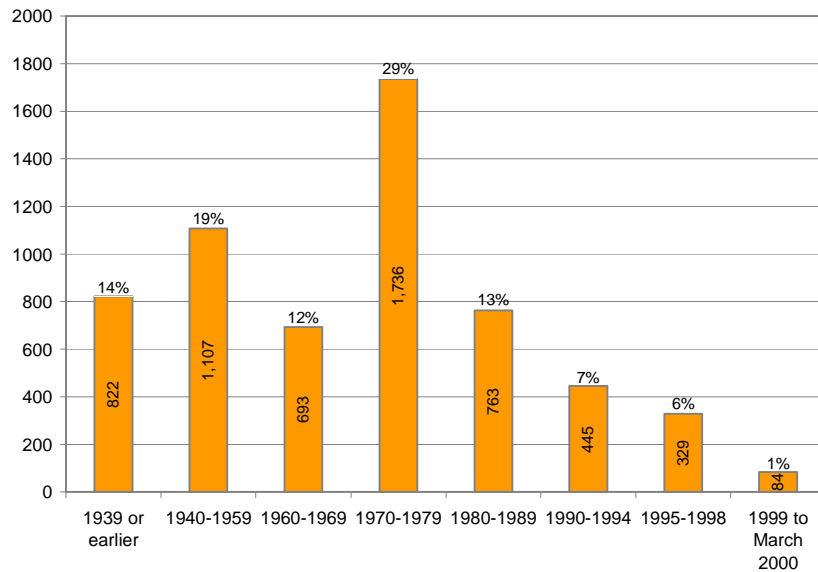
	1990		2000	
	Total	Percent	Total	Percent
Total Housing Units	5390	100.00%	5,979	100.00%
Owner Occupied	3068	56.92%	3,549	63.47%
Renter Occupied	1995	37.01%	2,043	36.53%
Vacant (vacancy rate)	327	6.07%	387	6.47%
Units in Structure: one only	2992	55.50%	3,316	55.50%
Units in Structure: two or more	2398	44.49%	2,663	44.60%
Mobile Home Units	808	14.99%	809	13.50%
Median Household Size	2.5		2.35	
Persons in Group Quarters	248		778	

The latest Census Bureau housing estimates are for 2006. However they are only available down to the County level. The estimated number of housing units for Hughes County in 2006 is 7403. This is a 4.9% increase since 2000. Pierre issued building permits for 199 new residences from 2001 through 2006. This is an average of about 33 new homes each year.

Pierre's housing stock grew at a faster rate than the City's population between 1990 and 2000: 10.4% compared to 8%. This is consistent with national trends in both smaller family size and more non-family households. In 2000, the national average household size was 2.59. Pierre's average household size was 2.35, which was a 0.24 drop from 1990.

The largest number of Pierre's housing units were built in the 1970's. Figure 9.2 illustrates the age distribution of Pierre's housing stock through 2000. Pierre's highest density of housing units is found mainly in the central portion of the city (Figure 9.3).

Figure 9.2. Total and percentage of housing by year built (Census 2000)



The percentage of vacant units in Pierre increased over the last decade, while the adjacent counties all witnessed double digit drops in vacancy rates (Table 9.3).

Table 9.3. Pierre area vacant units (South Dakota Statewide Housing Development Authority 2003)

Vacant Year-Round Units	1990	2000	% change
Pierre	5.40%	5.60%	3.70%
Hughes County	6.60%	5.90%	-10.60%
Stanley County	10.00%	6.00%	-40.00%
Sully County	19.90%	9.20%	-53.80%

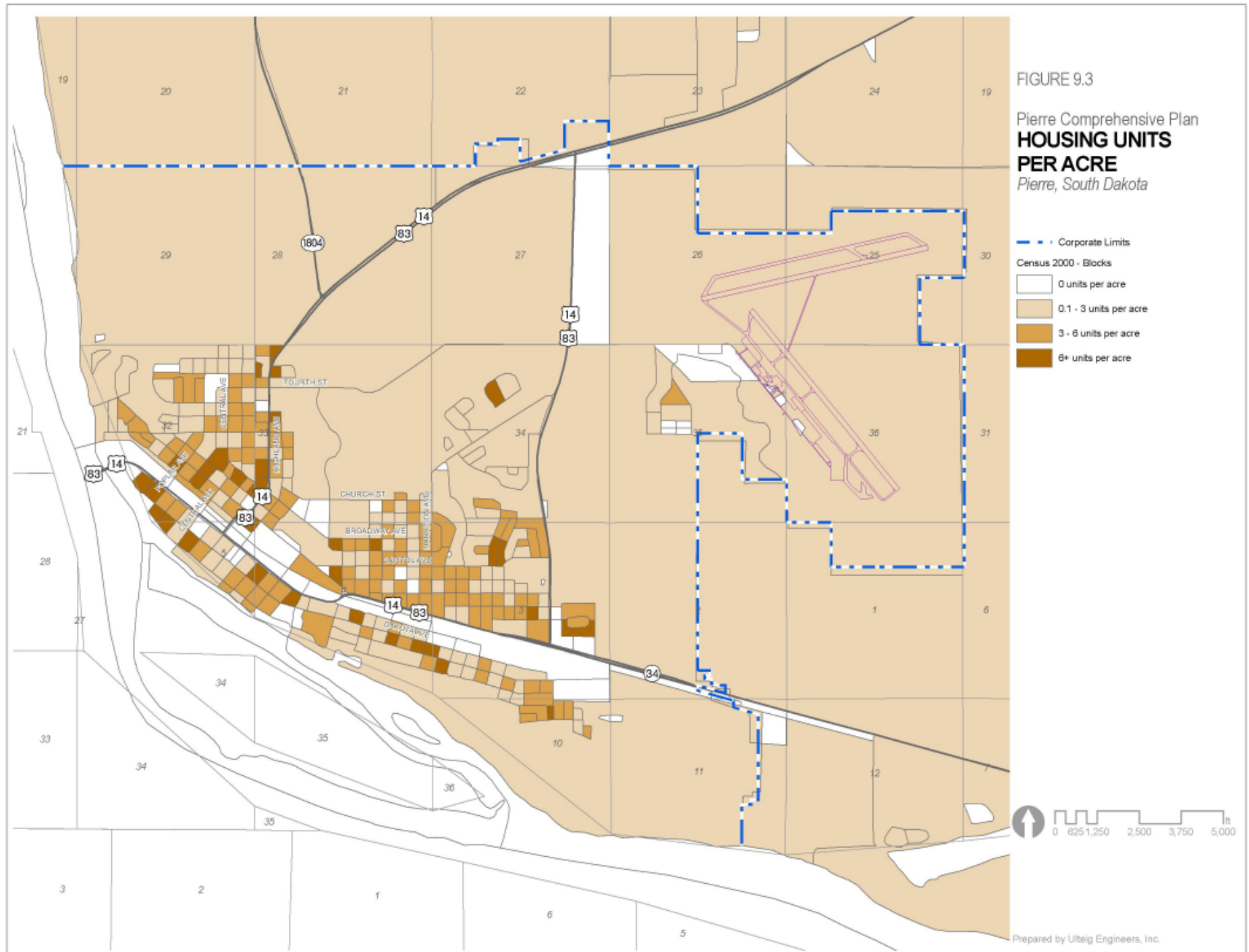
In 2000, housing tenure patterns remained almost unchanged since 1990 with about a 3% increase in owner-occupied housing:

- 63.2% owner-occupied
- 36.8% renter-occupied

- 6.4% vacant

The number of owner-occupied housing units increased slightly to 63.2% in 2000

The average owned occupied housing unit was worth \$94,800 in 2000, an increase of over \$35,000 from 1990. The median value of owner-occupied units and median gross rent for Pierre in 2000 was \$94,800 and \$403, respectively (South Dakota Statewide Housing Development Authority 2003). Single family home values have continued to increase dramatically so that they are among the highest in the state. An example of the relatively high prices can be seen by looking at the average listing price for homes in Huron, the nearest major city to Pierre in South Dakota. In 2006, the average listing price in Huron based on 200 listings, was \$81,129. In 2006, the average listing price in Pierre based on 132 listings, was \$143,200.



Housing Analysis

There are factors influencing Pierre's future housing demand at national, state, and local levels.

National Factors. For over 50 years families with children have driven the housing market (US Census Bureau). Now married couples with children make up less than 25% of American households. Today's fastest growing households are:

- Young professionals
- Empty nesters
- Single parents
- Couples without children
- Senior citizens

These household types create a demand for apartments, condos, and town homes.

In a national survey, 6 out of 10 prospective homebuyers chose a higher density mixed use community in contrast to the traditional suburban single family neighborhood (Smart Growth America; National Association of Realtors).

Forty percent of apartment residents choose to rent for lifestyle reasons, not because they can't afford to own a home. Nearly 25% of renters earn \$50,000 or more per year (Fannie Mae; US Census Bureau).

Demand for higher density homes will hit a new high by 2015 due to the influx of:

- Downsizing Baby Boomers
- Children of Baby Boomers graduating from college
- New immigrants
- Service and municipal workers who have been priced out of the neighborhoods in which they work

State Factors. The *South Dakota Statewide Housing Needs Analysis* identifies the overall conditions impacting housing at the state and local levels. The top ten findings from this report are:

1. South Dakota's overall population is growing at the rate of about 1% per year. As the baby boom generation matures, the state's

elderly population will continue to grow. Meanwhile, the youth population (under 20 years old) is expected to decline.

2. The overall condition of the state's housing stock is generally good.
3. South Dakota's economy continues to grow at a reasonable pace.
4. Statewide unemployment is low and in general, household incomes are rising.
5. The housing stock has expanded in response to demand associated with an expanding economy and an increase in household formation.
6. Household incomes are increasing faster than median rents, which make rental housing more affordable.
7. The rate of home ownership continues to increase despite the fact that increases in household income are not keeping pace with increases in the median price of housing sales. South Dakota's homeownership rate is expected to increase 0.3% per year from 2003 to 2007.
8. Generally speaking, there is a need for additional housing (both rental and homeownership) in urban areas such as Sioux Falls, Rapid City, the area along the I-29 corridor, and in other areas that are experiencing growth in household formation.
9. Through 2007, it is estimated that an additional 4,000 rental units will be needed to meet the needs of newly formed households with incomes below 80% of median family income. Most of this demand will be addressed through new construction or substantial rehabilitation. The rental housing market in some rural areas is slightly overbuilt.
10. Through 2007, the average annual demand for homeownership units is expected to be about 9,300 units. Most of this homeownership demand will be met through the sale of existing homes. It is estimated that new housing units will be needed for approximately 13,000 new households through 2007 (South Dakota Statewide Housing Development Authority 2003).

Housing Programs. The South Dakota Housing Development Authority (SDHDA) was created in 1973 by the State Legislature as an independent public instrumentality to exercise essential public functions. SDHDA has traditionally been involved in issuing tax exempt bonds for the purpose of financing and developing both single-family and multifamily mortgage loans; the delivery of housing programs made available through the US Department of Housing and Urban Development (HUD); and the issuance of housing tax credits made available through the US Department of Treasury, Internal Revenue Service (IRS). Locally, the demand for public housing subsidies has been larger for single family homes than for apartment units.

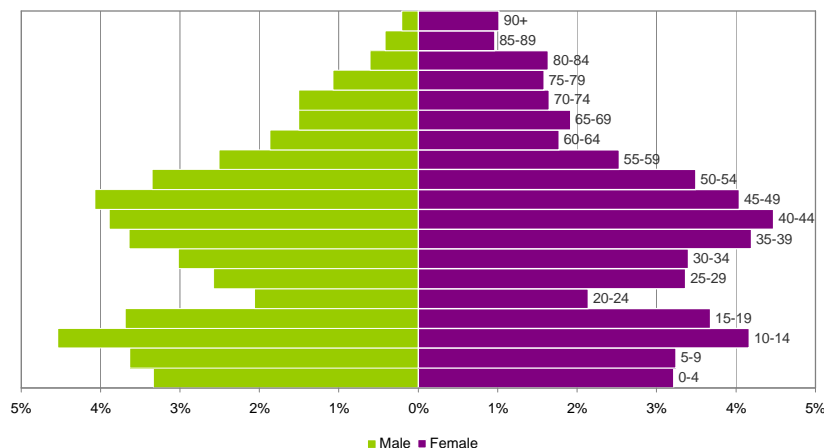
Local Factors. Two key local factors affecting Pierre's housing demand are its role as the Capitol of South Dakota, and its lack of a traditional post-secondary educational facility with resident students.

Pierre serves as a regional trade center for farming and ranching, however its largest industry is government, which is not prone to rapid growth or decline and results in fairly stable housing demand. The state government offices located in Pierre results in having both a stable economy as well as having higher paying jobs. The stable economy in turn results in stable housing demands. (South Dakota Statewide Housing Development Authority 2003).

The City of Pierre's only post-secondary educational institution is the Capital University Center which provides primarily distance education opportunities. Figure 9.4 illustrates the clear gap in the 20-24 aged cohorts which can most easily be explained by the lack of any traditional post-secondary educational institutions and the majority of this group leaving the area to pursue further education. This lack of college-aged students will decrease the amount of rental housing needed in the city compared to cities which have post-secondary educational institutions.

Figure 9.4 also illustrates the general impact of the baby boomer cohort on Pierre's housing demand. It shows the bulges in the baby-boomer cohorts and their offspring, the echo boom cohorts.

Figure 9.4. Pierre's age and gender distribution in 2000 (US Census Bureau)



Generally speaking, the echo boomers will require rental housing and starter sales housing as they finish their education, move out of the family homestead, and start a family. The baby boomers will require move up sales housing as their household size decreases and their economic status increases. The near elderly will require home-based services while they age in place. The elderly, at the very top of the pyramid will require independent living, assisted living, and nursing home facilities in proximity to quality health care services (South Dakota Statewide Housing Development Authority 2003).

As the country ages, many cities will face decreasing populations as deaths begin to outpace births. In most cases in-migration will be the key factor for a stable or increasing population. Nationwide, it is expected those areas that will have large foreign in-migration will continue to grow.

As state workers retire, they will be replaced by new workers. If the retirees stay in the community there will be additional housing demands. The biggest unknown relating to Pierre's housing demands is tied to understanding how many of the retiring workers will remain in Pierre and how many aging citizens from the region will choose to retire in Pierre. The number of the current citizens who decide to stay in Pierre after retiring and the number retirees from outside the area who decide to

retire in Pierre will depend on creating an elderly friendly community consisting of the following:

- quality health care facilities
- specialized elderly housing
- accessible public facilities and transportation

Universal Design

A survey by the Association of Retired People (AARP) found the majority of their members want to age in place – either in their current home or community. Unfortunately much of the existing housing will not accommodate residents as they grow older; forcing expensive remodeling to retrofit their houses or causing them to move into more accommodating housing (Taylor 2007).

Many homebuilders are taking cues from the aging baby boomers and designing their homes using the principals of universal design. In universally designed homes shelving, appliances, closets and fixtures are designed to accommodate persons of varying heights, and ages. The intent of universal design is to simplify life for everyone by making products, communications, and the built environment more usable for as many people as possible with little or no extra cost (Taylor 2007). Universal design enhances the comfort, safety, and convenience of housing regardless of age, size, ability, or mobility. These homes are designed so they look no different than a traditional home; however their design makes life easier for anyone living in it, making it appealing to all home buyers (AARP 2004).

The following outlines some of the key components to universal design:

- No-step entry
- Garage floor flush with house floor
- Master bedroom, bathroom and kitchen on one floor
- Lever handles on interior and exterior doors
- Wide doors
- Wide hallways
- Washer and dryer raised on platform
- Stacked closets on multi-floor homes to provide shaft for easy installation of residential elevator
- Bathrooms accommodating wheels chairs
- Reinforced walls to allow later installations of grab bars
- Flush thresholds at all doorways

- Raised electrical outlets
- Lowered light switches
- Easy open patio doors and screens
- Lower window sills
- Non-skid flooring
- Pull out kitchen cabinet shelves
- Task lighting in kitchen
- Dishwasher raised on platform
- Multi-level countertops

Housing Recommendations

The following recommendations address the future housing needs of the City of Pierre:

- Take steps to diversify the housing market opportunities to prepare for the impacts of retiring baby boomers and their workforce replacements who may be interested in non-traditional housing options.
- Modify the downtown zoning district(s) to allow for mixed use development

Housing Goal

The City of Pierre will have a wide degree of housing choices that responds to an increasingly diverse housing market.

Objectives:

1. Encourage renovation or replacement of currently sub-standard housing units, and redevelopment of blighted areas.
2. Encourage developments that include a mixture of housing sizes and architectural styles.
3. Provide suitable transition zones between residential areas and higher intensity adjacent non-residential uses.
4. Encourage development of higher density residential development in downtown Pierre.
5. Encourage a mixture of housing options in downtown Pierre.
6. Encourage development of a wide price range of housing units, especially for moderate and low income groups.
7. Take advantage of state and federal programs which support affordable housing
8. Provide opportunities for well managed mobile home parks.